

~~CONFIDENTIAL~~

Approved For Release 2006/02/06 : CIA-RDP74B00535R000100200028-2

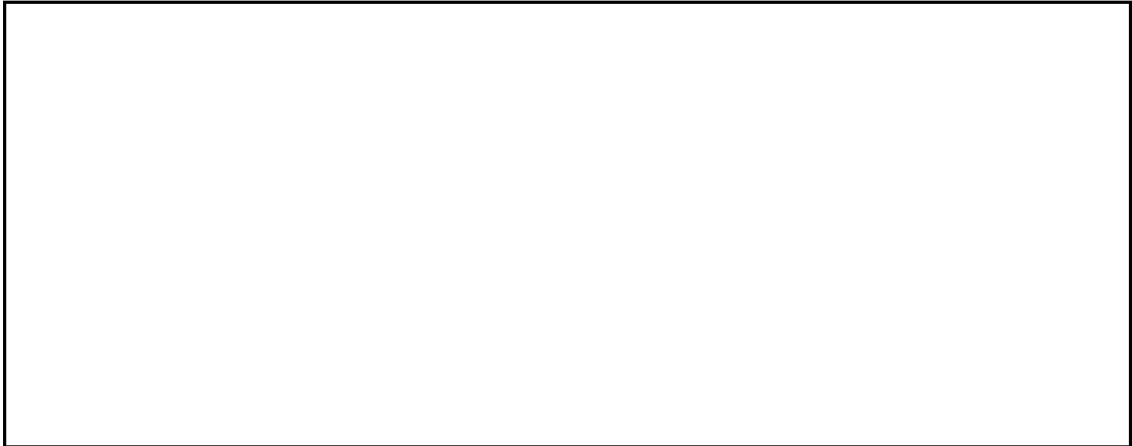
No. 69-3

10 March 1969

Minutes of the Procurement Officers' Meeting

3 March 1969

PRESENT: John F. Blake, DD/S (Chairman)



25X1

X1 1. After welcoming [redacted] Mr. Blake alerted the group to the fact that the Inspector General's review team had inquired whether the Procurement Officers' Meeting duplicated or infringed upon the area of responsibility of the Contract Review Board (CRB). In answering a firm no, Mr. Blake cited the purpose of the Procurement Officers' Meeting as a forum for free exchange of information and ideas on procurement matters as distinguished by the CRB's direct interest in review of specific contractual actions. The Inspector General's team has been invited to discuss this matter individually with each attendee.

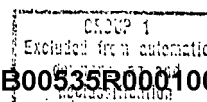
2. Mr. Blake informed the group that Planning Staff, OL, has been requested to research and review the policy for retirement of procurement records. It was emphasized that the legal responsibility was most important and that the policy for retirement of such records should be consistent for each procurement team.

X1 3. [redacted] reviewed the status of college and university contracting in reference to the established guidelines. In response to the direction of the Deputy Director for Support, it was emphasized that all requests for contracts and grants with academic institutions must be cleared with Mr. Blake prior to taking action. If a requested contract calls for a classified Agency association; a written justification from the deputy director of the requesting directorate to the Deputy Director for Support

Declassification Review by
NGA

Approved For Release 2006/02/06 : CIA-RDP74B00535R000100200028-2

~~CONFIDENTIAL~~



Minutes of the Procurement Officers' Meeting, 3 March 1969

requesting approval is also required. In addition to the obvious direct contractual relationships which fall in this category, it was noted that personal service type contracts with employees of academic institutions, contracts with corporations with close university ties, and other contracts where university students are employees, must be reported. [] explained how the report to the Deputy Director for Support is developed from the automated data collected for the Contract Information System. and discussed the importance of updating that data as each event in the life of a contract occurs. For example, unless completion dates are provided to the data coders by contracting officers, technical monitors or any other personnel closely associated with the contract, contracts will continue to be carried as active in the system when, in fact, they are not. To insure the integrity of the automated information system, everyone should feel a responsibility for providing timely and accurate data to it.

[] commented on the need for better security controls during the contracting process with academic institutions. He suggested the topic be added to the agenda for the next Industrial Security Officers' Meeting.

4. [] reported that the GFE survey has been completed and a final report was presented to the Director of Logistics on 28 February 1969. Recommendations resulting from the review include centralized control of GFE with the Procurement Division, OL, and the assignment of a full-time GFE administrator at the GS-11 level.

5. [] reported on the [] contract review conducted by [] and other. The purpose of the review was to scrutinize current contractual aspects in relation to project monitorship. The following findings were outlined:

a. The Agency's requirement for nonroutine missile and space analysis by [] are well served.

b. The contractor project management is cost conscious.

c. The [] facility is essentially a Government captive facility.

d. There is a lack of consistent and informed teamwork among contracting officers, project officers, and [] project management. Some of the fault results from a policy decision to administer the contract from Headquarters rather than the []

e. [] costs were compared to costs for similar projects at [] and found to be competitive.

~~CONFIDENTIAL~~

CONFIDENTIAL

Minutes of the Procurement Officers' Meeting, 3 March 1969

f. Based on cost and performance factors, no economic or technical reasons indicated that the Agency's interest would be better served by any other contractor.

The task force recommended:

a. Continuing Agency surveillance by project officers and their supervisors to determine that [] work scopes are kept free from routine tasks that can be performed by Agency employees.

b. A single contract on a FY basis be issued to cover all tasks.

c. Arrangements be made to permit [] to administer unclassified contracts negotiated by that Office. 25X1

d. The ICAD auditor be provided with desk space within the [] facility, thereby permitting more insight into the operation for the contracting officers and project officer. 25X1

e. During the FY 1970 negotiation, the CO should attempt to establish "on site" engineering burden rates rather than the overall [] rates. 25X1

In summarizing [] review, Mr. Blake commented on the excellence of the presentation and cited the following benefits derived from the review:

a. The establishment of a methodology that will be useful in future reviews.

b. The basic integrity of the findings.

c. Surfacing of the problems in fiscal funding, contract administration and the need for a single contract rather than the multiplicity used today.

6. [] presented views on the budgeting and funding for contingent costs for award fees, incentive contracts, and overrun costs. In respect to award fees, he noted that the Agency policy is to budget for the average fee while experience indicates that the award is usually higher than average. He concluded that Agency policy should be to fund between average and maximum excellent to mitigate against the impact of additional funding when the award fee is definitized. The fixed price incentive contract is now targeted at target cost plus target profit. Again experience factors show costs are usually in excess of target. [] cited a report to the ASPR committee by [] recommending full funding to the ceiling

CONFIDENTIAL

Minutes of the Procurement Officers' Meeting, 3 March 1969

of the FPI contracts. ASPR's committee reply was favorable although the Department of Defense has not as yet formally ruled to comply. In regard to overrun funding, it was suggested that an experience factor regarding the proportion of overrun costs and final settlement costs to original estimated costs be established. [] further suggested that a request be submitted to the Executive Director-Comptroller that for each fiscal year a calculated percentage of funds, based on the above recommendation, be set aside for overruns and final settlement costs. In respect to [] comments on overruns, Mr. Blake suggested that this is a suitable subject for the CRB. Since it pertains to the substance and management of contracting responsibilities, the suggestion would carry more weight if backed by the operating components. Mr. Blake further mentioned that the timing is propitious for such a suggestion to the Executive Director-Comptroller in view of the present tight money situation.

25X1

25X1

7. In regard to other matters:

1 a. [] briefed the group on a request for a contract with a U. S. Government employee. The request for a private contract with an Edgewood arsenal employee is being reviewed by the General Counsel.

1 b. [] noted the following revisions in the Industrial Security policy:

(1) The industrial security investigations were going to be more extensive and require more time.

(2) A new investigation cycle is underway for Top Secret cleared contractor employees.

(3) An automatic five-year termination clause will probably be put into effect on Top Secret clearances.

25X1

[]
Special Assistant
to the Director of Logistics